



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2018
OF THE CONDITION AND AFFAIRS OF THE

Health Alliance Plan of Michigan

(Name)

NAIC Group Code 1311 (Current Period) , 1311 (Prior Period) NAIC Company Code 95844 Employer's ID Number 38-2242827

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Health Maintenance Organization [X]
Other [] Is HMO, Federally Qualified? Yes [X] No []

Incorporated/Organized 06/27/1978 Commenced Business 02/08/1979

Statutory Home Office 2850 West Grand Boulevard (Street and Number), Detroit, MI, US 48202 (City or Town, State, Country and Zip Code)

Main Administrative Office 2850 West Grand Boulevard (Street and Number)
Detroit, MI, US 48202 (City or Town, State, Country and Zip Code) 313-872-8100 (Area Code) (Telephone Number)

Mail Address 2850 West Grand Boulevard (Street and Number or P.O. Box), Detroit, MI, US 48202 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2850 West Grand Boulevard (Street and Number)
Detroit, MI, US 48202 (City or Town, State, Country and Zip Code) 248-443-1093 (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.hap.org

Statutory Statement Contact Dianna L. Ronan CPA (Name), 248-443-1093 (Area Code) (Telephone Number) (Extension)
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OFFICERS

Name	Title	Name	Title
Teresa Lynn Kline	President and CEO	Richard Evan Swift	Treasurer
Michelle Denise Johnson Tidjani Esq.	Secretary	William Robert Barnes #	Assistant Secretary

OTHER OFFICERS

Marjorie Ann Staten J.D. #	Assistant Secretary		
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DIRECTORS OR TRUSTEES

Marvin Watson Beatty	Shari Lee Burgess	Sandra Ann Cavette MPH RDH	Colleen Marie Ezzeddine Ph D
Jacalyn Sue Goforth #	Joyce Viocha Hayes-Giles	Harvey Hollins III	Jamie Chin-Chen Hsu Ph D
Teresa Lynn Kline	Wright Lowenstein Lassiter III	Raymond Carmelo Lope'	Judith Stephanie Milosic
Susanne Mary Mitchell	Adnan Radwan Munkarah MD #	Marguerite Subranni Rigby	

State of Michigan

County of Wayne

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Teresa Lynn Kline
President and CEO

Richard Evan Swift
Treasurer

William Robert Barnes
Assistant Secretary

Subscribed and sworn to before me this day of ,

a. Is this an original filing? Yes [X] No []
b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

Roderick Irwin Curry, Notary
August 14, 2020

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	104,654,906		104,654,906	58,283,494
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	110,082,177		110,082,177	140,324,630
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	2,788,134	205,188	2,582,946	3,068,958
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$5,082,496 , Schedule E-Part 1), cash equivalents (\$214,197,561 , Schedule E-Part 2) and short-term investments (\$886,191 , Schedule DA).....	220,166,248		220,166,248	266,075,949
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA)	0		0	11,989,181
9. Receivables for securities			0	197,130
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	1,879,898	0	1,879,898	1,977,718
12. Subtotals, cash and invested assets (Lines 1 to 11)	439,571,364	205,188	439,366,176	481,917,060
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	978,066		978,066	670,062
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	11,527,874		11,527,874	35,276,121
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	22,900		22,900	243,102
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	3,794,204		3,794,204	1,440,887
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....	54,122,992	49,983,582	4,139,410	2,493,412
21. Furniture and equipment, including health care delivery assets (\$)	11,067,252	11,067,252	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	17,217,544		17,217,544	13,829,754
24. Health care (\$35,639,100) and other amounts receivable.....	36,204,539	565,439	35,639,100	26,188,975
25. Aggregate write-ins for other-than-invested assets	8,331,872	5,220,526	3,111,346	123,016
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	582,838,606	67,041,988	515,796,618	562,182,389
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	582,838,606	67,041,988	515,796,618	562,182,389
DETAILS OF WRITE-INS				
1101. Deferred Compensation.....	1,873,770		1,873,770	1,961,275
1102. Rabbi Trust.....	6,128		6,128	16,443
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	1,879,898	0	1,879,898	1,977,718
2501. Prepaid Expense.....	5,220,526	5,220,526	0	0
2502. Other Receivables.....	3,111,346		3,111,346	65,173
2503. Other Assets			0	57,843
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	8,331,872	5,220,526	3,111,346	123,016

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	132,477,639	4,215,832	136,693,471	176,759,540
2. Accrued medical incentive pool and bonus amounts	4,045,928		4,045,928	8,699,078
3. Unpaid claims adjustment expenses	1,932,739		1,932,739	1,888,359
4. Aggregate health policy reserves, including the liability of \$1,985,685 for medical loss ratio rebate per the Public Health Service Act.....	7,577,745		7,577,745	26,109,164
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance	9,948,725		9,948,725	10,318,691
9. General expenses due or accrued	31,635,671		31,635,671	33,670,279
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)).....			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$5,000,000 current) and interest thereon \$ (including \$ current)	14,166,678		14,166,678	19,166,676
15. Amounts due to parent, subsidiaries and affiliates	26,892,744		26,892,744	25,316,006
16. Derivatives.....		0	0	0
17. Payable for securities	2,462,958		2,462,958	894,740
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers).....			0	0
20. Reinsurance in unauthorized and certified (\$) companies.....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	3,218,935		3,218,935	21,609
23. Aggregate write-ins for other liabilities (including \$ current)	22,510,432	0	22,510,432	30,069,192
24. Total liabilities (Lines 1 to 23).....	256,870,194	4,215,832	261,086,026	332,913,333
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	17,898,782
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	30,170,511	30,170,511
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	224,540,081	181,199,763
32. Less treasury stock, at cost: 32.1 .....shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 .....shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	254,710,592	229,269,056
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	515,796,618	562,182,389
DETAILS OF WRITE-INS				
2301. Pension Liability - Long Term.....	19,270,396		19,270,396	23,602,340
2302. Retiree Health Benefits.....	1,366,266		1,366,266	1,592,824
2303. Deferred Compensation.....	1,873,770		1,873,770	1,961,275
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	2,912,753
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	22,510,432	0	22,510,432	30,069,192
2501. Surplus Appropriated for ACA Section 9010 Fee Due in 2018.....	XXX	XXX		17,898,782
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	17,898,782
3001.	XXX	XXX		0
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	2,235,950	3,198,571
2. Net premium income (including \$0 non-health premium income).....	XXX	1,469,787,969	1,832,677,953
3. Change in unearned premium reserves and reserve for rate credits	XXX	(1,782,459)	(4,506,683)
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	(624,609)
8. Total revenues (Lines 2 to 7)	XXX	1,468,005,510	1,827,546,662
Hospital and Medical:			
9. Hospital/medical benefits		1,034,994,540	1,234,285,372
10. Other professional services		50,040,434	40,094,209
11. Outside referrals		5,181,111	41,411,265
12. Emergency room and out-of-area		78,107,861	92,652,677
13. Prescription drugs		130,187,810	231,558,934
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		81,754	1,071,051
16. Subtotal (Lines 9 to 15)	0	1,298,593,510	1,641,073,508
Less:			
17. Net reinsurance recoveries			(248,090)
18. Total hospital and medical (Lines 16 minus 17)	0	1,298,593,510	1,641,321,598
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$18,600,758 cost containment expenses.....		25,761,868	24,327,118
21. General administrative expenses.....		154,166,762	157,965,339
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	1,478,522,140	1,823,614,055
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(10,516,629)	3,932,607
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		12,803,721	4,506,633
26. Net realized capital gains (losses) less capital gains tax of \$		693,069	27,727
27. Net investment gains (losses) (Lines 25 plus 26)	0	13,496,790	4,534,359
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		0	0
29. Aggregate write-ins for other income or expenses	0	530,477	275,718
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	3,510,638	8,742,684
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	3,510,638	8,742,684
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701. Gain/(Loss) on Sale of Fixed Assets.....	XXX		(624,609)
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	(624,609)
1401.			0
1402.			0
1403.			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901. Delta Dental Commission Revenues.....		530,477	275,718
2902.			
2903.			0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	530,477	275,718

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	229,269,056	204,395,859
34. Net income or (loss) from Line 32	3,510,638	8,742,684
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	3,121,237	(941,600)
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	13,571,608	15,333,979
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	5,238,055	1,738,133
48. Net change in capital and surplus (Lines 34 to 47)	25,441,538	24,873,197
49. Capital and surplus end of reporting year (Line 33 plus 48)	254,710,593	229,269,056
DETAILS OF WRITE-INS		
4701. Additional Pension Liability.....	7,742,701	1,453,653
4702. Additional Retiree Health Benefits.....	29,875	516,423
4703. Additional SERP Liability.....	(36,163)	173,863
4798. Summary of remaining write-ins for Line 47 from overflow page	(2,498,358)	(405,806)
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	5,238,055	1,738,133

CASH FLOW

Cash from Operations		1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance		1,491,383,792	1,833,554,847
2. Net investment income		13,989,511	5,123,262
3. Miscellaneous income		(1,966,946)	719,045
4. Total (Lines 1 through 3)		1,503,406,358	1,839,397,155
5. Benefit and loss related payments		1,342,885,422	1,624,325,110
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
7. Commissions, expenses paid and aggregate write-ins for deductions		159,619,574	171,306,840
8. Dividends paid to policyholders			0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		0	0
10. Total (Lines 5 through 9)		1,502,504,995	1,795,631,950
11. Net cash from operations (Line 4 minus Line 10)		901,362	43,765,205
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		50,129,778	29,588,216
12.2 Stocks		46,624,288	53,653
12.3 Mortgage loans		0	0
12.4 Real estate		0	0
12.5 Other invested assets		12,097,730	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			0
12.7 Miscellaneous proceeds		1,765,348	488,887
12.8 Total investment proceeds (Lines 12.1 to 12.7)		110,617,144	30,130,756
13. Cost of investments acquired (long-term only):			
13.1 Bonds		96,668,884	31,095,517
13.2 Stocks		12,987,900	16,628,824
13.3 Mortgage loans		0	0
13.4 Real estate			0
13.5 Other invested assets		0	0
13.6 Miscellaneous applications		32,347	0
13.7 Total investments acquired (Lines 13.1 to 13.6)		109,689,131	47,724,342
14. Net increase (decrease) in contract loans and premium notes		0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		928,013	(17,593,586)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes		0	0
16.2 Capital and paid in surplus, less treasury stock		0	0
16.3 Borrowed funds		(5,000,000)	(5,004,615)
16.4 Net deposits on deposit-type contracts and other insurance liabilities			0
16.5 Dividends to stockholders		0	0
16.6 Other cash provided (applied)		(42,739,076)	38,143,925
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		(47,739,076)	33,139,311
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)		(45,909,701)	59,310,930
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year		266,075,949	206,765,019
19.2 End of year (Line 18 plus Line 19.1)		220,166,248	266,075,949

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,469,787,969	681,579,194	0	0	0	114,188,032	674,020,743	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	(1,782,459)	(1,782,459)								
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	1,468,005,510	679,796,735	0	0	0	114,188,032	674,020,743	0	0	0
8. Hospital/medical benefits	1,034,994,540	426,096,865				78,157,566	530,740,109			XXX
9. Other professional services	50,040,434	20,603,469				3,778,503	25,658,462			XXX
10. Outside referrals	5,181,111	2,133,252				391,220	2,656,639			XXX
11. Emergency room and out-of-area	78,107,861	32,159,852				5,897,846	40,050,163			XXX
12. Prescription drugs	130,187,810	84,362,986				20,359,646	25,465,178			XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	81,754	81,754								XXX
15. Subtotal (Lines 8 to 14)	1,298,593,510	565,438,178	0	0	0	108,584,781	624,570,551	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	1,298,593,510	565,438,178	0	0	0	108,584,781	624,570,551	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$18,600,758 cost containment expenses.....	25,761,868	12,253,376				1,118,084	12,390,408			
20. General administrative expenses	154,166,762	96,916,338				7,095,224	50,155,201			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,478,522,140	674,607,891	0	0	0	116,798,089	687,116,160	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(10,516,629)	5,188,845	0	0	0	(2,610,057)	(13,095,417)	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

Don't put the gain/(loss) on sale of fixed assets in column 10 line 6.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	682,386,009		806,814	681,579,194
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan	114,299,768		111,736	114,188,032
6. Title XVIII - Medicare	674,124,738		103,995	674,020,743
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8)	1,470,810,514	0	1,022,545	1,469,787,969
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	1,470,810,514	0	1,022,545	1,469,787,969

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	1,338,150,521	608,620,737				107,636,462	621,893,322			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	220,202	220,202								
1.4 Net	1,337,930,319	608,400,535	0	0	0	107,636,462	621,893,322	0	0	0
2. Paid medical incentive pools and bonuses	4,734,904	4,734,904								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	136,693,469	72,870,460	0	0	0	6,232,781	57,590,228	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	136,693,469	72,870,460	0	0	0	6,232,781	57,590,228	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	4,045,928	4,045,928								
6. Net healthcare receivables (a).....	(427,308)	(427,308)								
7. Amounts recoverable from reinsurers December 31, current year	22,900	22,900								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	176,759,541	116,562,079	0	0	0	5,284,463	54,912,999	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	176,759,541	116,562,079	0	0	0	5,284,463	54,912,999	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	8,699,078	8,699,078	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	243,102	243,102	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	1,298,511,757	565,356,426	0	0	0	108,584,780	624,570,551	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	1,298,511,757	565,356,426	0	0	0	108,584,780	624,570,551	0	0	0
13. Incurred medical incentive pools and bonuses	81,754	81,754	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	12,494,869	6,270,104				547,953	5,676,812			
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	12,494,869	6,270,104	0	0	0	547,953	5,676,812	0	0	0
2. Incurred but Unreported:										
2.1. Direct	113,390,869	56,901,159				4,972,669	51,517,041			
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	113,390,869	56,901,159	0	0	0	4,972,669	51,517,041	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	10,807,731	9,699,197				712,159	396,375			
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	10,807,731	9,699,197	0	0	0	712,159	396,375	0	0	0
4. TOTALS:										
4.1. Direct	136,693,469	72,870,460	0	0	0	6,232,781	57,590,228	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	136,693,469	72,870,460	0	0	0	6,232,781	57,590,228	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	116,864,598	492,183,447	1,121,258	71,749,202	117,985,856	116,562,079
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan	5,969,777	101,666,685	67,868	6,164,913	6,037,645	5,284,463
6. Title XVIII - Medicare	58,836,300	563,057,022	366,014	57,224,214	59,202,314	54,912,999
7. Title XIX - Medicaid.....					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	181,670,675	1,156,907,154	1,555,140	135,138,329	183,225,815	176,759,541
10. Healthcare receivables (a).....	427,308			9,691,140	427,308	10,118,448
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts	4,734,904			4,045,928	4,734,904	8,699,078
13. Totals (Lines 9-10+11+12)	185,978,271	1,156,907,154	1,555,140	129,493,117	187,533,411	175,340,171

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	3,947,285	3,946,879	3,946,879	3,946,879	3,946,879
2. 2014	1,110,882	1,206,479	1,206,098	1,206,098	1,206,098
3. 2015	XXX	1,002,854	1,110,918	1,110,492	1,110,492
4. 2016	XXX	XXX	863,408	949,335	948,821
5. 2017	XXX	XXX	XXX	786,451	908,565
6. 2018	XXX	XXX	XXX	XXX	498,445

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	4,023,759	4,022,325	4,022,325	4,022,325	4,022,325
2. 2014	1,219,306	1,233,538	1,206,603	1,206,603	1,206,603
3. 2015	XXX	1,103,651	1,113,040	1,110,449	1,110,449
4. 2016	XXX	XXX	954,785	953,579	948,799
5. 2017	XXX	XXX	XXX	907,512	909,707
6. 2018	XXX	XXX	XXX	XXX	574,240

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	1,389,758	1,206,098	14,578	1.2	1,220,676	87.8			1,220,676	87.8
2. 2015	1,229,298	1,110,492	14,711	1.3	1,125,204	91.5			1,125,204	91.5
3. 2016	1,098,999	948,821	13,437	1.4	962,258	87.6	(21)	.0	962,236	87.6
4. 2017	1,014,669	908,565	14,135	1.6	922,700	90.9	1,143	16	923,859	91.1
5. 2018	681,579	498,445	10,067	2.0	508,512	74.6	75,795	1,014	585,321	85.9

Pt 2C - Sn A - Paid Claims - MS
NONE

Pt 2C - Sn A - Paid Claims - DO
NONE

Pt 2C - Sn A - Paid Claims - VO
NONE

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	349,758	349,715	349,715	349,715	349,715
2. 2014	125,266	134,852	134,808	134,808	134,808
3. 2015	XXX	111,852	124,889	124,833	124,833
4. 2016	XXX	XXX	106,931	117,418	117,392
5. 2017	XXX	XXX	XXX	103,801	109,797
6. 2018	XXX	XXX	XXX	XXX	101,667

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	354,625	354,566	354,566	354,566	354,566
2. 2014	132,027	136,624	134,872	134,872	134,872
3. 2015	XXX	117,940	124,832	124,834	124,834
4. 2016	XXX	XXX	113,426	117,545	117,392
5. 2017	XXX	XXX	XXX	108,957	109,865
6. 2018	XXX	XXX	XXX	XXX	107,832

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014.....	142,678	134,808	1,202	0.9	136,009	95.3			136,009	95.3
2. 2015.....	126,484	124,833	1,209	1.0	126,043	99.7			126,043	99.7
3. 2016.....	125,563	117,392	1,085	0.9	118,477	94.4	0	0	118,476	94.4
4. 2017.....	119,161	109,797	1,025	0.9	110,822	93.0	68	1	110,891	93.1
5. 2018	114,188	101,667	981	1.0	102,648	89.9	6,165	87	108,900	95.4

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	1,774,838	1,774,695	1,774,695	1,774,695	1,774,695
2. 2014	604,195	647,457	647,290	647,290	647,290
3. 2015	XXX	603,905	664,439	664,146	664,146
4. 2016	XXX	XXX	581,607	637,775	637,516
5. 2017	XXX	XXX	XXX	583,929	642,596
6. 2018	XXX	XXX	XXX	XXX	556,796

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	1,821,897	1,821,670	1,821,670	1,821,670	1,821,670
2. 2014	673,936	678,844	647,573	647,573	647,573
3. 2015	XXX	665,679	666,263	664,146	664,146
4. 2016	XXX	XXX	647,641	637,948	637,516
5. 2017	XXX	XXX	XXX	638,668	642,962
6. 2018	XXX	XXX	XXX	XXX	614,020

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014.....	724,630	647,290	6,967	1.1	654,257	90.3			654,257	90.3
2. 2015.....	715,393	664,146	7,114	1.1	671,259	93.8			671,259	93.8
3. 2016.....	701,218	637,516	7,600	1.2	645,116	92.0	.0	.0	645,116	92.0
4. 2017.....	698,849	642,596	9,862	1.5	652,458	93.4	366	.5	652,830	93.4
5. 2018	674,021	556,796	10,681	1.9	567,476	84.2	57,224	809	625,510	92.8

Pt 2C - Sn A - Paid Claims - XI
NONE

Pt 2C - Sn A - Paid Claims - OT
NONE

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	6,071,880	6,071,288	6,071,288	6,071,288	6,071,288
2. 2014	1,840,343	1,988,788	1,988,196	1,988,196	1,988,196
3. 2015	XXX	1,718,610	1,900,247	1,899,471	1,899,471
4. 2016	XXX	XXX	1,551,946	1,704,527	1,703,728
5. 2017	XXX	XXX	XXX	1,474,181	1,660,958
6. 2018	XXX	XXX	XXX	XXX	1,156,907

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	6,200,281	6,198,560	6,198,560	6,198,560	6,198,560
2. 2014	2,025,268	2,049,007	1,989,048	1,989,048	1,989,048
3. 2015	XXX	1,887,269	1,904,135	1,899,429	1,899,429
4. 2016	XXX	XXX	1,715,852	1,709,072	1,703,707
5. 2017	XXX	XXX	XXX	1,655,137	1,662,535
6. 2018	XXX	XXX	XXX	XXX	1,296,091

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	2,257,066	1,988,196	22,746	1.1	2,010,942	89.1	.0	.0	2,010,942	89.1
2. 2015	2,071,175	1,899,471	23,035	1.2	1,922,506	92.8	.0	.0	1,922,506	92.8
3. 2016	1,925,780	1,703,728	22,122	1.3	1,725,850	89.6	(21)	.0	1,725,828	89.6
4. 2017	1,832,679	1,660,958	25,023	1.5	1,685,981	92.0	1,577	22	1,687,579	92.1
5. 2018	1,469,788	1,156,907	21,729	1.9	1,178,636	80.2	139,184	1,911	1,319,731	89.8

Pt 2C - Sn B - Incurred Claims - MS
NONE

Pt 2C - Sn B - Incurred Claims - DO
NONE

Pt 2C - Sn B - Incurred Claims - VO
NONE

Pt 2C - Sn B - Incurred Claims - XI
NONE

Pt 2C - Sn B - Incurred Claims - OT
NONE

Part 2C - Sn C - Claims Expense Ratio MS
NONE

Part 2C - Sn C - Claims Expense Ratio DO
NONE

Part 2C - Sn C - Claims Expense Ratio VO
NONE

Part 2C - Sn C - Claims Expense Ratio XI
NONE

Part 2C - Sn C - Claims Expense Ratio OT
NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	7,577,745	7,457,569					120,176		
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	7,577,745	7,457,569	.0	.0	.0	.0	120,176	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	7,577,745	7,457,569	0	0	0	0	120,176	0	0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ....	.0								
0502. ....	.0								
0503. ....	.0								
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....	.0								
1102. ....	.0								
1103. ....	.0								
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building)	109,006	335,692	3,207,160		3,651,859
2. Salaries, wages and other benefits	13,170,279	3,591,208	51,201,470		67,962,957
3. Commissions (less \$ceded plus \$assumed)			11,252,893		11,252,893
4. Legal fees and expenses	4,320		4,169,961		4,174,281
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	270,171		5,450,518		5,720,689
7. Traveling expenses	43,957	7,766	327,325		379,048
8. Marketing and advertising	160,340	147	9,508,866		9,669,352
9. Postage, express and telephone	40,773	210,777	3,714,759		3,966,309
10. Printing and office supplies	963		45,481		46,444
11. Occupancy, depreciation and amortization	32,506	144,357	2,589,545		2,766,408
12. Equipment			405,392		405,392
13. Cost or depreciation of EDP equipment and software	227,269	1,017,537	15,939,616		17,184,423
14. Outsourced services including EDP, claims, and other services	3,620,269	1,618,923	17,349,767		22,588,958
15. Boards, bureaus and association fees			326,565		326,565
16. Insurance, except on real estate			157,869		157,869
17. Collection and bank service charges			499,753		499,753
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses			140,680		140,680
22. Real estate taxes			88,653		88,653
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees	1,023		235,596		236,620
23.4 Payroll taxes	860,454	234,405	3,831,794		4,926,652
23.5 Other (excluding federal income and real estate taxes)			23,748,925		23,748,925
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	59,428	297	(25,826)	0	33,899
26. Total expenses incurred (Lines 1 to 25)	18,600,758	7,161,110	154,166,762	0 (a)	179,928,630
27. Less expenses unpaid December 31, current year		1,932,739	31,635,671		33,568,410
28. Add expenses unpaid December 31, prior year	0	1,888,359	33,670,279	0	35,558,638
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	18,600,758	7,116,730	156,201,370	0	181,918,858
DETAILS OF WRITE-INS					
2501. Miscellaneous	59,428	297	(25,826)		33,899
2502.					0
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	59,428	297	(25,826)	0	33,899

(a) Includes management fees of \$to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....798,210	.....876,621
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....1,383,297	.....1,548,872
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....692,571	.....573,769
2.21	Common stocks of affiliates .....	.....6,661,906	.....6,661,906
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....225,731	.....225,731
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....4,168,537	.....4,327,577
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....83,042	.....83,039
10.	Total gross investment income	14,013,295	14,297,516
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....452,089
14.	Depreciation on real estate and other invested assets		(i).....1,041,705
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....1,493,794
17.	Net investment income (Line 10 minus Line 16)		12,803,721
DETAILS OF WRITE-INS			
0901.	Deferred Compensation and Rabbi Trust .....	.....83,042	.....83,039
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	83,042	83,039
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$229,441 accrual of discount less \$200,979 amortization of premium and less \$360,580 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$12,856 accrual of discount less \$2,482 amortization of premium and less \$6,092 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....(138,997)	.....	.....(138,997)	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....0	.....	.....
1.2	Other bonds (unaffiliated) .....	.....(76,103)	.....	.....(76,103)	.....190	.....
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....(939,541)	.....0	.....(939,541)	.....(1,993,169)	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....6,326,646	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0	.....	.....0
5.	Contract loans .....	.....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....(197)	.....	.....(197)	.....0	.....0
7.	Derivative instruments .....	.....	.....	.....0	.....	.....
8.	Other invested assets .....	.....1,097,730	.....0	.....1,097,730	.....(989,181)	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....750,177	.....0	.....750,177	.....(223,249)	.....0
10.	Total capital gains (losses)	693,069	0	693,069	3,121,237	0
DETAILS OF WRITE-INS						
0901.	Rabbi Trust and Deferred Compensation .....	.....2,045	.....	.....2,045	.....(222,368)	.....
0902.	Blackrock MSCI Wrld - Other Gain/Loss .....	.....293,757	.....	.....293,757	.....	.....
0903.	Artisan Global Opps - Other Gain/Loss .....	.....454,376	.....	.....454,376	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....(881)	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	750,177	0	750,177	(223,249)	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	205,188	127,787	(77,401)
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	205,188	127,787	(77,401)
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	49,983,582	59,214,953	9,231,371
21. Furniture and equipment, including health care delivery assets.....	11,067,252	15,633,193	4,565,940
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	565,439	565,439	0
25. Aggregate write-ins for other-than-invested assets	5,220,526	5,072,225	(148,302)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	67,041,988	80,613,596	13,571,608
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	67,041,988	80,613,596	13,571,608
DETAILS OF WRITE-INS			
1101.		0	0
1102.		0	0
1103.		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expense.....	5,220,526	5,072,225	(148,302)
2502.		0	0
2503.		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	5,220,526	5,072,225	(148,302)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	257,944	189,537	186,746	183,728	180,860	2,235,950
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	257,944	189,537	186,746	183,728	180,860	2,235,950
DETAILS OF WRITE-INS						
0601. ....	.0					
0602. ....	.0					
0603. ....	.0					
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices - The accompanying financial statements of Health Alliance Plan of Michigan (the Corporation) have been prepared in accordance with the *NAIC Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that these accounting practices, procedures and reporting standards are not modified by accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS).

DIFS recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining the financial condition and results of operation of an insurance company. The *NAPPM* has been adopted as a component of prescribed or permitted practices by DIFS.

A reconciliation of the Corporation’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2018</u>	<u>2017</u>
NET INCOME					
(1) HAP state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$3,511,000	\$8,743,000
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE					
(3) State Permitted Practices that increase/(decrease) NAIC SAP: NONE					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$3,511,000</u>	<u>\$8,743,000</u>
SURPLUS					
(5) HAP state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$254,711,000	\$229,269,000
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE					
(7) State Permitted Practices that increase/(decrease) NAIC SAP: NONE					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$254,711,000</u>	<u>\$229,269,000</u>

B. Use of Estimates in the Preparation of the Financial Statements - The preparation of financial statements in conformity with accounting practices prescribed or permitted by DIFS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory basis financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

C. Accounting Policy - Subscriptions revenue received in advance of the respective period of coverage is credited to income ratably over the period of coverage. Health policy claims consists of unpaid medical claims and other obligations resulting from the provision of health care services. It includes claims reported as of the balance sheet date and estimates, based on historical claims experience, for claims incurred but not reported.

The Corporation reports the value of its Flint office building at depreciated cost on Schedule A-Part 1.

In addition, the Corporation uses the following accounting policies:

- (1) Short-term investments are stated either at market value or at amortized cost based on the underlying security.
- (2) Bonds not backed by other loans - are stated at amortized cost or the lower of fair value or amortized cost based on the NAIC designation of the underlying security. The Corporation has not elected the systematic value measurement method approach for SVO-Identified securities.
- (3) Common stocks are carried at market except for investments in stocks of unconsolidated subsidiaries and affiliates in which the Corporation has an interest of 20% or more are carried on the equity basis.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

- (4) Preferred Stocks - NOT APPLICABLE.
- (5) Mortgage Loans - NOT APPLICABLE.
- (6) Loan-Backed Securities - loan backed securities are stated at amortized cost or the lower of amortized cost or fair value based on the NAIC designation of the underlying security unless prescribed otherwise by the NAIC. The retrospective method is used to value all securities. Amortized cost is determined utilizing the scientific interest method.
- (7) The Corporation's subsidiaries are included in the statements of admitted assets, liabilities, and capital and surplus based upon the audited statutory equity or the audited U.S. GAAP equity of the related subsidiary. The Corporation's proportionate share of undistributed earnings is included in unrealized gains and losses. In accordance with SSAP No. 68, Business Combinations and Goodwill, the Corporation reports its investments in subsidiaries inclusive of goodwill. Goodwill in excess of 10% of the Corporation's adjusted capital and surplus is nonadmitted.
- (8) The Corporation has no investments in joint ventures, partnerships or limited liability companies.
- (9) The Corporation does not have any holdings in derivatives.
- (10) The Corporation anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
- (11) The Corporation's method of estimating liabilities for unpaid medical claims is based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Corporation has not modified its capitalization policy from the prior year.
- (13) The Corporation's pharmaceutical rebate receivables are calculated using historical rebate trends and membership.

D. Going Concern

Management does not consider there to be any present conditions or events that would raise substantial doubt about the Corporation's ability to continue as a going concern.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

- A. The Corporation recorded a decrease to surplus in 2017 of approximately \$406,000 related to items identified during the finalization of the 2016 audit. The audit was completed subsequent to the filing of the Corporation's 2016 Annual Statement.

3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method

The Corporation acquired 67% ownership in Administration Systems Research Corporation (ASR) on June 17, 2011. ASR is a third-party administrator (TPA). The Corporation accounted for the acquisition using the statutory-purchase method as defined in SSAP No. 68, Business Combinations and Goodwill and reflects the following:

1	2	3	4	5	6	7
Purchased entity	Acquisition date	Cost of acquired entity	Original amount of admitted goodwill	Admitted goodwill as of the reporting date	Amount of goodwill amortized during the reporting period	Admitted goodwill as a % of SCA BACV gross of admitted goodwill
Admin Sys Res	06/17/2011	11,800,000	10,942,000	3,066,000	1,226,000	21.1%

- B. Statutory Merger – NOT APPLICABLE.
- C. Assumption Reinsurance - NOT APPLICABLE.
- D. Impairment Loss – NOT APPLICABLE.

4. DISCONTINUED OPERATIONS

The Corporation has no discontinued operations to report.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

5. INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans - NOT APPLICABLE.

B. Debt Restructuring - NOT APPLICABLE.

C. Reverse Mortgages - NOT APPLICABLE.

D. Loan-Backed Securities

(1) Sources used to determine prepayment assumptions:

Prepayment assumptions for loan-backed and asset backed securities are obtained from broker-dealer survey values or internal estimates. A change from the retrospective to the prospective method has not been made.

(2) - (3) Loan-backed securities with a recognized other-than-temporary impairment:

The Corporation has not deemed it necessary to recognize any other than temporary impairments in its earnings as a realized loss in relation to its loan-backed securities.

(4) Loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:

a. The aggregate amount of unrealized losses:

1. Less than 12 months \$365,000.
2. 12 Months or longer \$371,000.

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months \$ 43,618,000.
2. 12 Months or longer \$ 19,628,000.

(5) In considering whether an investment is other-than-temporarily impaired, management considers its ability and intent to hold the investment, the severity of the decline in fair value and the duration of the impairment, among other factors. Management has determined that it has the ability and intent to hold indefinitely its investment in its loan-backed securities and that the severity and duration of any impairment is insufficient to indicate an other-than-temporary impairment.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions – NOT APPLICABLE

F. Repurchase Agreements Transactions Accounted for as Secured Borrowings – NOT APPLICABLE.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowings – NOT APPLICABLE.

H. Repurchase Agreements Transactions Accounted for as a Sale – NOT APPLICABLE.

I. Reverse Repurchase Agreements Transactions Accounted as a Sale – NOT APPLICABLE.

J. Real Estate - the Corporation has not recognized an impairment loss on its investments in real estate and has not sold or classified real estate investments as held for sale.

K. Low-Income Housing Tax Credits (LIHTC) - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6	7
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown							
b. Collateral held under security lending agreements							
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under option contracts							
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock							
i. FHLB capital stock							
j. On deposit with states	\$1,000,000	\$1,000,000	\$0		\$1,000,000	0.2%	0.2%
k. On deposit with other regulatory bodies							
l. Pledged as collateral to FHLB (including assets backing funding agreements)							
m. Pledged as collateral not captured in other categories							
n. Other restricted assets	\$12,000,000	\$12,000,000			\$12,000,000	2.1%	2.3%
o. Total Restricted Assets	\$13,000,000	\$13,000,000	\$0		\$13,000,000	2.2%	2.5%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – NOT APPLICABLE

(3) Detail of Other Restricted Assets

Description of Assets	1	2	3	4	5	6
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Stop Loss Out-of-Network Reserve	\$12,000,000	\$12,000,000		\$12,000,000	2.1%	2.3%
Total	\$12,000,000	\$12,000,000		\$12,000,000	2.1%	2.3%

(4) Collateral Received and Reflected as Assets within the Financial Statements - NOT APPLICABLE

M. Working Capital Finance Investments – NOT APPLICABLE

N. Offsetting and Netting of Assets and Liabilities – NOT APPLICABLE

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

O. Structured Notes

CUSIP				Mortgage- Referenced Security (YES/NO)
Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	

N/A

Total	\$0	\$0	\$0	XXX
-------	-----	-----	-----	-----

P. 5* Securities

Investment	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds - AC						
(2) Bonds - FV						
(3) LB&SS - AC						
(4) LB&SS - FV		2		65,800		65,900
(5) Preferred Stock - AC						
(6) Preferred Stock - FV						
Total	0	2	\$0	\$65,800	\$0	\$65,900

Q. Short Sales – NOT APPLICABLE.

R. Prepayment Penalties and Acceleration Fees

	General Account
(1) Number of CUSIPs	<u>13</u>
(2) Aggregate Amount of Investment Income	<u>18,800</u>

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. The Corporation has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Corporation did not recognize any impairment write down for investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. INVESTMENT INCOME

The Corporation has not excluded from surplus any investment income due and accrued.

8. DERIVATIVE INSTRUMENTS

The Corporation has no holdings in derivative instruments.

9. INCOME TAXES

The Corporation is an entity described under Internal Revenue Code Section 501(c) (4) and as such is exempt from federal income taxes. The Corporation does not have any material uncertain tax positions as of December 31, 2018 and 2017.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AFFILIATES AND OTHER RELATED PARTIES

A. The Corporation has four wholly owned subsidiaries, HAP Preferred, Inc. (HPI), Alliance Health and Life Insurance Company (AHLIC), HAP Midwest Health Plan, Inc. (HMWHP), and Administration Systems Research Corporation (ASR). The Corporation is a subsidiary of Henry Ford Health System (HFHS).

B. The Corporation has management agreements with HPI, AHLIC, HMWP, and ASR in which it provides various administrative and support services. The Corporation also provides claims processing and premium billing and collection services for AHLIC.

C. The Corporation received subscription revenue from related parties totaling approximately \$6,618,000 and \$6,567,000 in 2018 and 2017, respectively. The Corporation purchased healthcare and administrative services from related parties totaling approximately \$375,368,000 and \$449,882,000 in 2018 and 2017, respectively.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

The Corporation received a dividend from ASR on July 27, 2018 in the amount of \$2,744,000 and on September 24, 2018 in the amount of \$3,918,000.

D. The Corporation has included in the balance sheet accounts the receivables and payables associated with subscription revenue received from related parties and health care services purchased from related parties. The Corporation has intercompany receivables of \$700,000, \$7,058,000, \$9,460,000 and \$40,000 from HPI, AHLIC, and MWHP respectively and intercompany payables of \$19,000, \$3,915,000, \$1,204,000 and \$21,754,000 due to HPI, HFHS, AHLIC and ASR respectively. The terms of the settlement require that these amounts are settled within 15 days.

E. In connection with the Series 2016 bond issuance, the Henry Ford Health System amended and restated its 2006 Master Indenture. The Amended and Restated Master Indenture (the “2016 Master Indenture”) created the Henry Ford Health System Credit Group (the “Credit Group”). The Credit Group is comprised of the Henry Ford Health System Obligated Group (the “Obligated Group”), Henry Ford Health System Designated Affiliates (the “Designated Affiliates”), and Henry Ford Health System Limited Designated Affiliates (the “Limited Designated Affiliates”). Henry Ford Health System, Wyandotte, Macomb, and Allegiance Health are members of the Obligated Group.

The Corporation (excluding its subsidiaries HPI, Alliance Health and Life Insurance Company, HAP Midwest Health Plan, and Administration Systems Research Corporation) and the Henry Ford Health System Foundation are Designated Affiliates. There are currently no Limited Designated Affiliates. Under the new indenture, the Corporation as a Designated Affiliated, to the extent permitted by law, may be required to transfer amounts or upstream funds to a member of the Obligated Group as necessary to pay amounts owing under the 2016 Master Indenture. The language recognizes that the upstream of funds may be constrained by laws, which would include the statutory ability of DIFS to approve cash transfers from the Corporation to Henry Ford Health System.

F. The Corporation has management agreements with HPI, AHLIC, HMWHP and ASR. Under the terms of the agreement, the Corporation provides various administrative support and services. Services provided by the Corporation to AHLIC, MWHP, ASR and HPI totaled approximately \$94,299,000 and \$75,903,000 in 2018 and 2017, respectively. Included in the statement of admitted assets, liabilities and capital and surplus are receivables associated with healthcare services purchased from related parties totaling approximately \$-0- and \$-0- in 2018 and 2017, respectively and approximately \$2,280,000 and \$2,301,000 in claims unpaid for the years ended December 31, 2018 and 2017, respectively.

G. Common Ownership or Control - The Corporation and its subsidiaries and affiliates are not subject to common ownership or control whereby their operating results or financial position would be significantly different from those if the entities were autonomous.

H. Ownership in an Upstream Affiliate or Parent - NOT APPLICABLE.

I. Investments in SCA Entities Exceeding 10% of Admitted Assets – NOT APPLICABLE.

J. Investments in Impaired SCA Entities – NOT APPLICABLE.

K. Investments in Foreign Insurance Subsidiaries - NOT APPLICABLE.

L. Investment in Downstream Noninsurance Holding Company - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities NONE				
Total SSAP No. 97 8a Entities	XXX			
b. SSAP No. 97 8b(ii) Entities NONE				
Total. SSAP No. 97 8b(ii) Entities	XXX			
c. SSAP No. 97 8b(iii) Entities HAP Preferred, Inc.	100.0	\$7,798,426	\$7,798,426	
Administration Systems Research Corporation	100.0	16,929,780	16,929,780	
Total SSAP No. 97 8b(iii) Entities	XXX	\$24,728,206	\$24,728,206	\$0
d. SSAP No. 97 8b(iv) Entities NONE				
Total SSAP No. 97 8b(iv) Entities	XXX			
e. Total SSAP No. 97 8b Entities (except 8bi entities)	XXX	\$24,728,206	\$24,728,206	\$0
f. Aggregate Total (a + e)	XXX	\$24,728,206	\$24,728,206	\$0

(2) NAIC Filing Response Information

SCA Entity	Type of NAIC Filing	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities NONE						
Total SSAP No. 97 8a Entities	XXX	XXX		XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities NONE						
Total. SSAP No. 97 8b(ii) Entities	XXX	XXX		XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities HAP Preferred, Inc.	S2	6/20/2018	\$7,798,426	Y	N	I
Administration Systems Research Corporation	S2	6/20/2018	16,929,780	Y	N	I
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$24,728,206	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities NONE						
Total SSAP No. 97 8b(iv) Entities	XXX	XXX		XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8bi entities)	XXX	XXX	\$24,728,206	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	\$24,728,206	XXX	XXX	XXX

N. Investments in Insurance SCAs – NOT APPLICABLE.

O. SCA Loss Tracking – NOT APPLICABLE.

11. DEBT

A. Debt, including Capital Notes and Reverse Repurchase Agreements

The Corporation has a Promissory Note outstanding in the amount of \$14 million due to Henry Ford Health System, its Parent Company. The Promissory Note with an original balance of \$50 million was issued December 1, 2011 with principal and interest payments due monthly through November 1, 2021. Interest accrues at LIBOR plus 65 basis points. Early repayment may be made at the option of the Corporation.

The Corporation has no reverse repurchase agreements outstanding.

B. FHLB (Federal Home Loan Bank) Agreements - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS

A. The Corporation has a noncontributory defined-benefit pension plan (the "Plan") covering substantially all of its employees. The benefits are based on years of service and final average earnings of each participating employee. The Corporation's funding policy is to fund an amount based on the recommendation of consulting actuaries that is in compliance with the requirements of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Effective December 31, 2011, the Corporation permanently froze the final average pay defined-benefit formula for all non-represented participants. Effective January 1, 2012, the Corporation instituted a cash balance defined-benefit formula for all non-represented participants and also for participants represented by United Automobile Workers (UAW) Local Union 600 Office/Non-Exempt Bargaining hired on or after January 1, 2012, and for participants represented by UAW Local Union Sale and Labor participants hired on or after April 1, 2012.

Effective March 16, 2016, the cash balance benefit for those participants in the UAW Local 600 Union Office/Nonexempt Bargaining was frozen and no additional pay credits will be credited. HAP also maintains a "safe harbor" 401(k) plan that provides for up to 3.5% matching employer contribution, for those participants who defer at least 6% of their earnings to the plan. The HAP 401(k) plan also has a secondary account for certain bargaining unit groups that provides for an annual contribution (only) of 3% to 7% of eligible earnings.

Effective December 23, 2017, the cash balance freeze for nonrepresented active participants resulted in an immediate curtailment, recognition as of December 31, 2017 of the prior service credits that were established in years past for the nonrepresented employee population. There were no prior service cost/(credits) to recognize in conjunction with the similar cash balance freeze during 2017 for the represented cash balance participants.

All nonrepresented participants who were active as of November 8, 2017 and age 50 or older with at least 10 Years of Service as of December 31, 2017 were included in a Special Voluntary Retirement Program (SVRP) offer that provided an additional pay credit based on the participant's years of service as of December 31, 2017 and Plan compensation earned during 2017. As a result, the value of the additional pay credit for the employees that accepted the SVRP by the December 23, 2017 deadline is recognized as a special termination benefit as of December 31, 2017.

Effective January 1, 2018, the Corporation instituted a defined contribution supplemental retirement savings account for each nonunion and union participant who were formerly eligible for the cash balance formula in the frozen pension plan as well as employees hired after December 31, 2017. The Corporation's contribution to this plan is based on each participant's age and years of service.

The Corporation also has a non-qualified Supplemental Executive Retirement Plan covering certain key executives.

The Corporation provides postretirement healthcare benefits to employees who meet minimum age and years of service requirements. Benefits to employees may require employee contributions or be provided in the form of a fixed dollar subsidy.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan
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A summary of the changes in benefit obligations for the Pension and Other Postretirement Benefit Plans at December 31, 2018 and 2017 are as follows (dollars in thousands):

(1) Change in benefit obligation

a. Pension Benefits

	Overfunded		Underfunded	
	2018	2017	2018	2017
1. Benefit obligation at beginning of year			\$99,973	\$96,111
2. Service cost			1,543	3,151
3. Interest cost			3,417	3,724
4. Contribution by plan participants	N/A	N/A		
5. Actuarial gain (loss)			(10,630)	4,387
6. Foreign currency exchange rate changes				
7. Benefits paid			(2,459)	(7,067)
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits			(16,954)	483
Other				(816)
10. Benefit Obligation at end of year			\$74,890	\$99,973

b. Postretirement Benefits

	Overfunded		Underfunded	
	2018	2017	2018	2017
1. Benefit obligation at beginning of year			\$1,592	\$2,902
2. Service cost			23	112
3. Interest cost			54	111
4. Contribution by employer				
5. Actuarial gain (loss)	N/A	N/A	(159)	(110)
6. Foreign currency exchange rate changes				
7. Benefits paid			(86)	(95)
8. Plan amendments				(1,346)
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
Other			(58)	18
10. Benefit Obligation at end of year			\$1,366	\$1,592

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

c. Special or Contractual Benefits Per SSAP No. 11

	Overfunded		Underfunded	
	2018	2017	2018	2017
1. Benefit obligation at beginning of year				
2. Service cost				
3. Interest cost				
4. Contribution by plan participants				
5. Actuarial gain (loss)	N/A	N/A	N/A	N/A
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit Obligation at end of year				

(2) Change in plan assets

	Pension Benefits		Postretirement Benefits		Spec or Contract Bens per SSAP 11	
	2018	2017	2018	2017	2018	2017
a. Fair Value of plan assets at beg of year	\$76,371	\$65,293				
b. Actual return on plan assets	(4,289)	9,922				
c. Foreign curr exchange rate changes						
d. Reporting entity contribution	2,951	9,039	110	110	N/A	N/A
e. Plan participants' contributions						
f. Benefits paid	(19,413)	(7,067)	(110)	(110)		
g. Business combinations, divestitures, and settlements						
Other		(816)				
h. Fair value of plan assets at end of year	\$55,620	\$76,371	\$0	\$0		

(3) Unfunded Status

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
a. Components:				
1. Prepaid benefit costs	N/A	N/A	N/A	N/A
2. Overfunded plan assets	N/A	N/A	N/A	N/A
3. Accrued benefit costs	\$74,890	\$99,973	\$1,807	\$2,020
4. Liability for pension benefits	(55,620)	(76,371)	(441)	(428)
b. Assets and liabilities recognized				
1. Assets (nonadmitted)	N/A	N/A	N/A	N/A
2. Liabilities recognized	19,270	23,602	1,366	1,592
c. Unrecognized liabilities	N/A	N/A	N/A	N/A

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(4) Components of net periodic benefit cost

	Pension		Postretirement		Special or Contractual	
	Benefits		Benefits		Bens per SSAP 11	
	2018	2017	2018	2017	2018	2017
a. Service cost	\$1,543	\$3,152	\$23	\$112		
b. Interest cost	3,417	3,724	54	111		
c. Expected return on plan assets	(5,126)	(4,767)				
d. Transition asset or obligation	193	603	(14)	(14)	N/A	N/A
e. Gains and losses	1,770	2,327	(26)			
f. Prior service cost or credit	(2)	(1,355)		(923)		
g. Gain or loss recognized due to a settlement or curtailment	4,531	(233)				
h. Total net periodic benefit cost	\$6,326	\$3,451	\$37	(\$714)		

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
a. Items not yet recognized as a component of net periodic cost-prior year	\$28,806	\$30,434	(\$428)	(\$226)
b. Net trans asset or obligation recognized			14	14
c. Net prior service cost or credit arising during the period				
d. Net prior service cost or credit recog	2	1,354		
e. Net gains/loss arising during the period	(7,515)	(3,095)	(27)	(216)
f. Net gain and loss recognized				
Other	(193)	113		
g. Items not yet recog as a component	\$21,100	\$28,806	(\$441)	(\$428)

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
a. Net transition asset or obligation	\$194	\$193	(\$14)	(\$14)
b. Net prior service cost or credit	(1)	(2)		
c. Net recognized gains and losses	1,422	1,770	(70)	(124)

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
a. Net transition asset or obligation	\$918	\$1,112	(\$66)	(\$80)
b. Net prior service cost or credit	16	14		
c. Net recognized gains and losses	20,166	27,680	(375)	(348)

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(8) For the Corporation's Pension Benefit Plan.

Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:

	2018	2017
a. Weighted-average discount rate	3.60%	4.05%
b. Expected long-term rate of return on plan assets	6.98%	7.28%
c. Rate of compensation increase	Age-related Salary Scale	Age-related Salary Scale

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

	2018	2017
d. Weighted-average discount rate	4.30%	3.60%
e. Rate of compensation increase	Age-related Salary Scale	Age-related Salary Scale

For the Corporation's Post-Retirement Health Care Plan (HPM Plan).

Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:

	2018	2017
a. Weighted-average discount rate	3.65%	4.15%
b. Expected long-term rate of return on plan assets	N/A	N/A
c. Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

	2018	2017
d. Weighted-average discount rate	4.30%	3.65%
e. Rate of compensation increase	N/A	N/A

For measurement purposes, various annual rates of increase in the per capita cost of covered health care benefits were assumed for 2018.

(9) The amount of the accumulated benefit obligation for the defined benefit plan was \$73,673,000 for the current year and \$97,546,000 for the prior year.

(10) The Corporation also provides postretirement health care benefits to employees who meet minimum age and years of service requirements. Benefits to eligible employees may require employee contributions or may be provided in the form of a fixed dollar subsidy.

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:(in thousands)

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	0.07%	-0.06%
b. Effect on postretirement benefit obligation	-0.05%	0.06%

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(12) The following benefit payments, which reflect expected future service, as appropriate, are expected be paid in the years indicated: (in thousands)

	Pension Benefits	Post- retirement Benefits	Annual Subsidy
2019	\$5,476,000	\$85,000	\$15,000
2020	4,789,000	86,000	16,000
2021	6,062,000	87,000	17,000
2022	6,721,000	86,000	18,000
2023	5,601,000	110,000	1,000
Years 2024 through 2028	28,766,000	536,000	3,000

(13) The Corporation is expected to make a contribution to the Plan during 2019 in the amount of \$3,856,000
The Corporation is expected to make a \$-0- contribution to the postretirement health care plans in 2019.

(14) There are no securities of the Corporation and related parties included in plan assets, no future benefits of plan participants are covered by insurance contracts issued by the Corporation or its related parties and there are no significant transactions between the Corporation or its related parties and the plan during the period other than those previously disclosed.

(15) Alternative methods used to amortize prior service amounts or net gains and losses – NOT APPLICABLE.

(16) Substantive commitments used as the basis for accounting for the benefit obligation – NOT APPLICABLE.

(17) The cost of providing special or contractual termination benefits recognized during the period - NOT APPLICABLE.

(18) Any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by SSAP No. 102, Accounting for Pensions, A Replacement of SSAP No. 89 and SSAP No. 92, Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14- NOT APPLICABLE.

(19) Plan assets expected to be returned to the Corporation - NOT APPLICABLE.

(20) The accumulated postretirement and pension benefit obligation as of December 31, 2018 is \$76,256,000.
The fair value of HAP’s plan assets for defined postretirement and pension benefits is \$55,620,000.
HAP’s postretirement benefit plans are currently in an underfunded status. The impact on HAP’s surplus necessary to reflect the full benefit obligation is \$19,419,000.

(21) The Corporation adopted SSAP Nos. 92 and 102 effective January 1, 2013 which allowed a transition option for phase-in not to exceed 10 years. The remaining transition balance for postretirement as of December 31, 2013 was \$0. The funded status of the Plan was fully recognized at December 31, 2018.

B. The Corporation invests the majority of the assets of the Plan in a diversified portfolio consisting of an array of asset classes that attempts to maximize returns while minimizing volatility. The percentage of the fair value of total plan assets held as of December 31, the measurement date, is shown below (amounts are in percentages).

	2018	2017	Target
Stock and stock funds	46	45	48
Bond and bond funds	33	34	31
Global asset allocation	18	19	19
Alternative investments	1	1	
Cash and cash equivalents	2	1	2
Total	100	100	

The expected long-term rate of return on plan assets is established based on management’s expectations of asset returns for the investment mix in the plans considering both historical experience and the current economic environment. The expected returns of various asset categories are blended to derive one long-term assumption.

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NOTES TO FINANCIAL STATEMENTS

C. Fair value of Plan Assets

(1) Fair Value Measurements of Plan Assets at Reporting Date

<u>Description for each class of plan assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Cash equivalents	1,379			1,379
Debt securities:				
Asset-backed securities		228		228
Corporate debt securities		843		843
Government and agency debt securities		632		632
Non-agency mortgage-backed securities		100		100
Other debt securities		15		15
Equity securities:				
Collective funds-asset allocation	5,346			5,346
Collective funds-common stock	9,524			9,524
Collective funds-debt securities	9,124			9,124
Hedge funds and private equities				0
Common stock	3,739			3,739
Investments measured at NAV				47,230
Total Plan Assets	29,112	1,818	0	78,160

(2) The estimated fair values of plan assets are based on values obtained from independent pricing services using quoted market prices from published sources and appropriate valuation methodologies.

D. Basis Used to Determine the Overall Expected Long-Term Rate-of-Return-on-Assets Assumption

The expected long-term rate of return on plan assets is established based on management's expectations of asset returns for the investment mix in the plans considering historical experience, current economic environment, and forecasted risk/reward assumptions. The expected returns of various asset categories are blended to derive one long-term assumption.

E. Defined Contribution Plan

The Corporation maintains a 401(k) plan for eligible employees of the Corporation. The plan is a defined contribution plan and all employees become eligible to participate after completion of age and service requirements. Under the Plan, a participant may annually contribute an amount not to exceed the contribution limits established by the Internal Revenue Code.

The Corporation enhanced the 401(k)-matching contribution as a result of the changes to the defined benefit pension plan. The Corporation, at its discretion, can make a matching contribution equal to 100% of the first 1% and 50% of the next 5% of the employee's elective deferral (3.5% maximum match). The expense was approximately \$2,192,000 and \$2,665,000 in 2018 and 2017 respectively.

As of January 1, 2018 all former HealthPlus employees participate in the Corporation's 401(k) plan going forward.

F. Multi-employer Plans - NOT APPLICABLE.

G. Consolidated/Holding Company Plans - NOT APPLICABLE.

H. Postemployment Benefits and Compensated Absences – NOT APPLICABLE.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - NOT APPLICABLE.

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS.

(1) Capital Stock - NOT APPLICABLE.

(2) Preferred Stock - NOT APPLICABLE.

(3) Dividend Restrictions – the maximum amount of dividends that may be paid by the Corporation without approval from the Department of Insurance and Financial Services is limited to the greater of 10% of capital and surplus or net income for the previous year.

(4) The Corporation has not paid a dividend in 2018.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan
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- (5) Dividend Restrictions Based on Profits - Notwithstanding the restrictions of (3) above, there are no restrictions placed on the amount of profits that may be paid out as ordinary dividends.
- (6) Restrictions on Unassigned Funds (Surplus) - NOT APPLICABLE.
- (7) Advances to Surplus Not Repaid - NOT APPLICABLE.
- (8) Stock Held for Special Purposes - NOT APPLICABLE.
- (9) Changes in balances of special surplus funds from the prior year are due to amounts related to the annual fee under section 9010 of the Affordable Care Act (ACA). A moratorium has been extended to the 2019 ACA section 9010 fee.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses are \$23,101,000.
- (11) Surplus Notes - NOT APPLICABLE.
- (12) Impact of a Restatement Due to a Quasi-Reorganization - NOT APPLICABLE.
- (13) The Effective Date(s) of a Quasi-Reorganization for the Prior Ten Years - NOT APPLICABLE.

14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments

The Corporation has no commitments or contingent commitments to Subsidiaries, Controlled or Affiliated entities to report.

B. Assessments

Under the Michigan Insurance Provider Assessment Act, the Corporation incurs an assessment based on certain membership. The Corporation bears the ultimate responsibility of the assessment and therefore, records the tax under the gross method. The taxes collected and paid are recorded in premium revenues and general and administrative expense, respectively. A liability is reflected in general expenses due or accrued in the amount of \$1,362,000 as of December 31, 2018.

The Affordable Care Act imposes a fee on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The liability for this fee is reflected in general expenses due and accrued in the amount of \$307,000 as of December 31, 2018.

The Corporation is not a member of the Michigan Life and Health Insurance Guaranty Association and as such has not incurred any assessments from insolvencies of entities that wrote long-term care contracts.

C. Gain Contingencies - NOT APPLICABLE.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits - NOT APPLICABLE.

E. Joint and Several Liabilities – NOT APPLICABLE.

F. In connection with HAP's acquisition of ASR, ASR entered into an employment and stock transfer and redemption agreement (the "agreement") with a 33% non-controlling interest (NCI) holder. The NCI holder has exercised his rights under this agreement requiring ASR to purchase his interests in ASR (the "Put Option"). The NCI holder disputes ASR's calculation of the price under the Put Option and is pursuing litigation to resolve the matter. During 2018 in connection with efforts to mediate this matter and based upon updated third party evaluations HAP increased its recognized obligation under the Put Option to \$36.7 million, of which \$21.7 remains as an outstanding liability as of December 31, 2018. Although the parties continue to work toward a resolution of this matter, the ultimate outcome cannot be assessed at this time.

All Other Contingencies - The Corporation is also a party to other lawsuits incident to its operations and Management believes that the ultimate outcome of these other contingencies will not have a material effect on the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS

Risk Adjustment Data Validation Audits (“RADV audits”). CMS adjusts capitation payments to Medicare Advantage and Medicare Part D plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted by the Corporation and member demographic information.

CMS performs RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. The Corporation was selected for audit by CMS for payment year 2012 for MA and 2017 for ACA.

On February 24, 2012, CMS published its final payment error calculation methodology for Medicare Advantage RADV audits. CMS will begin applying the final methodology for audits of the 2011 payment year. Among other things, the final methodology includes fee-for-service adjuster, which would limit our liability to an error rate more than CMS’s own fee-for-service error rate.

The Corporation is currently involved in CMS RADV audits related to its Medicare Advantage and ACA programs. All requested information has been provided to CMS. The Corporation has not received any information from CMS subsequent to the initial data submission.

The Corporation cannot reasonably estimate the range of loss, if any, that may result from these audits given the status of the audits, the wide range of possible outcomes and the inherent difficulty in predicting regulatory action, fines and penalties.

The Corporation has various remedies available in the event of an adverse finding.

At December 31, 2018 and December 31, 2017, the Corporation had admitted assets of \$11,528,000 and \$35,276,000, respectively, in Uncollected Premiums. The Corporation routinely assesses the collectability of these receivables. Based upon the Corporation's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Corporation's financial condition. As a plan sponsor, the Corporation has a net receivable in the amount of \$2,087,000 from CMS related to Medicare Part D prescription drug insurance coverage. The Corporation receives subsidy amounts for reinsurance and for cost sharing related to low-income individuals. The Corporation has no receivables for retrospectively rated contracts.

The Corporation estimates reinsurance recoverable related to the risk sharing provisions of the Affordable Care Act. A recoverable has been estimated in the amount of \$23,000.

15. LEASES

A. Lessee Operating Lease

(1)

- a. The Corporation leases office facilities and equipment under various non-cancelable operating lease agreements that expire through December 2024. Rental expense for 2018 and 2017 was approximately \$3,122,000 and \$3,028,000, respectively.
- b. Certain rental commitments have renewal options extending through the year 2017. Some of these renewals are subject to adjustments in future periods.

(2) At January 1, 2019, the minimum aggregate rental commitments are as follows:

Year Ending December 31:

1. 2019	\$1,615,000
2. 2020	1,606,000
3. 2021	1,621,000
4. 2022	2,709,000
5. 2023	2,596,000
Later years	<u>31,102,000</u>
Total min pmts.	<u>\$ 41,249,000</u>

The total rental expense for all operating leases, except those with terms of a month or less amounted to \$3,122,000 and \$3,028,000 for the years ended December 31, 2018 and 2017, respectively. A portion of the annual rent expense is allocated to affiliated subsidiaries each year.

(3) Material Sales - Leaseback Transactions - NOT APPLICABLE.

B. Lessor Leases - NOT APPLICABLE.

C. Leveraged Leases - NOT APPLICABLE.

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NOTES TO FINANCIAL STATEMENTS

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Corporation has no holdings in derivative financial instruments.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A. Transfers of Receivables Reported as Sales - NOT APPLICABLE.

B. Transfer and Servicing of Financial Assets - NOT APPLICABLE.

C. Wash Sales - NOT APPLICABLE.

18. GAIN OR LOSS TO THE ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A. ASO Plans - NOT APPLICABLE.

B. ASC Plans - NOT APPLICABLE.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

(1) Revenue from the Corporation's Medicare Part D cost-based reimbursement portion of its CMS contract consisted of \$17,886,000 and \$17,140,000 for the reinsurance subsidy and \$4,125,000 and \$4,024,000 for the low-income cost sharing subsidy for the years 2018 and 2017, respectively.

(2) As of December 31, 2018, and 2017, respectively, the Corporation had recorded receivables from the following payors whose balances are greater than 10% of the Corporation's amounts receivable from uninsured accident and health plans or \$10,000:

	<u>2018</u>	<u>2017</u>
Centers for Medicare and Medicaid Services (CMS)	\$3,794,000	\$1,441,000

(3) Allowances and Reserves for Adjustment of Recorded Revenues - NOT APPLICABLE.

(4) The Corporation has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

NOT APPLICABLE.

20. FAIR VALUE MEASUREMENT

A.

(1) Fair Value Measurements at Reporting Date

Description	(Level 1)	(Level 2)	(Level 3)	(NAV)	Total
a. Assets at Fair Value					
Bonds:					
Industrial and Misc.		\$1,407,000			1,407,000
Total Bonds	0	1,407,000	0	0	1,407,000
Equity Securities:					
Industrial and Misc.		10,393,000			10,393,000
Other Equity Securities	1,880,000				1,880,000
Total Common Stocks	1,880,000	10,393,000	0	0	12,273,000
Cash Equivalents:					
U.S. Government Funds	208,811,000	5,387,000			214,198,000
Total Cash Equivalents	208,811,000	5,387,000	0	0	214,198,000
Total Assets at Fair Value	\$210,691,000	\$17,187,000	\$0	\$0	\$227,878,000

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- (2) The Corporation's policy for recognition of transfers between levels within the fair value hierarchy is to recognize the transfer on the actual date of the event or change in circumstances that caused the transfer. The Corporation had no transfers between levels.
- (3) The Corporation has no fair value measurements categorized within Level 3 of the fair value hierarchy.
- (4) The fair value measurements categorized within Level 2 of the fair value hierarchy reported by the Corporation are obtained primarily from independent pricing services using quoted market prices from published sources. Mortgage backed securities are submitted to the NAIC's Securities Valuation Office for valuation.
- (5) Derivative assets and liabilities – NOT APPLICABLE.

B. Fair value information and information about other similar measurements disclosed under other accounting pronouncements combined with disclosures under SSAP No. 100, Fair Value Measurements - NOT APPLICABLE.

C. Aggregate fair values of all financial instruments and applicable levels within the fair value hierarchy

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets/ Liabilities	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable Carrying Value
Cash Equivalents	214,198,000	214,198,000	208,811,000	5,387,000			
Bonds	104,424,000	104,655,000		104,424,000			
Common Stock	12,273,000	12,273,000	1,880,000	10,393,000			

D. Financial instruments or classes of financial instruments for which fair value measurements are not determinable - NOT APPLICABLE.

E. Investments Measured Using Net Asset Value – NOT APPLICABLE.

21. OTHER ITEMS

A. Unusual or Infrequent Items - NOT APPLICABLE.

B. Troubled Debt Restructuring - NOT APPLICABLE.

C. Other Disclosures

Statutory Reserve: As a condition of licensure with the State of Michigan, the Corporation maintains a deposit of \$1,000,000 in a segregated account. These funds can only be used by the Corporation at the direction of the Insurance Commissioner of the State of Michigan. These funds are invested in a money market fund (stated at fair value). Interest on these funds accrues to the Corporation.

Stop Loss/Out-of-Network Reserve: During 2003, the Corporation established a trust in the amount of \$12,000,000 for the sole benefit of subscribers and enrollees, to cover catastrophic exposure for members where HAP retains risk for health care services, which exceed \$500,000 per occurrence and, in the event of insolvency, to cover services provided to members by noncontracted providers. The funds are maintained in compliance with an agreement with the Insurance Commissioner for the State of Michigan and can only be used by the Corporation at the direction of the Insurance Commissioner. The funds are invested in a money market fund (stated at fair value) and interest on these funds accrues to the Corporation.

D. Business Interruption Insurance Recoveries - NOT APPLICABLE.

E. State Transferable Tax Credits - NOT APPLICABLE.

F. Subprime Mortgage Related Risk Exposure - NOT APPLICABLE.

G. Retained Assets – NOT APPLICABLE.

H. Insurance-Linked Securities – NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

22. EVENTS SUBSEQUENT

Type I – Recognized Subsequent Events - NOT APPLICABLE.

Type II – Non-recognized Subsequent Events

Subsequent events have been considered through February 28, 2019 for the Statutory Statements issued on December 31, 2018.

On January 1, 2019, the Corporation will **NOT** be subject to an annual fee under Section 9010 of the Federal Affordable Care Act (ACA). A health insurance entity’s portion of the annual fee normally becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. The Extension of Continuing Appropriations Act of 2018 included a moratorium on the collection of the fee in 2019. An amount has not been appropriated as special surplus funds as of December 31, 2018.

	<u>Current Year</u>	<u>Prior Year</u>
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	<u>YES</u>	<u>YES</u>
B. ACA fee assessment payable for the upcoming year	<u>NONE</u>	<u>17,899,000</u>
C. ACA fee assessment paid	<u>17,970,000</u>	<u>NONE</u>
D. Premium written subject to ACA 9010 assessment	<u>Not applicable</u>	<u>1,830,222,000</u>
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	<u>Not applicable</u>	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	<u>Not applicable</u>	
G. Authorized Control Level (Five-Year Historical Line 15)	<u>Not applicable</u>	
H. Would reporting the ACA assessment as of December 31, 2018, have triggered an RBC action level (YES/NO)?	<u>NO</u>	

23. REINSURANCE

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Corporation or by any representative, officer, trustee or director of the Corporation?
Yes () No (X)
- (2) Have any policies issued by the Corporation been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the Corporation have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes () No (X)
- (2) Does the Corporation have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Corporation may consider the current or anticipated experience of the business reinsured in making this estimate. \$ None

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

(2) Have any new arrangements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Corporation as of the effective date of the agreement? Yes ()
 No (X)

B. Uncollectible Reinsurance - NOT APPLICABLE.

C. Commutation of Ceded Reinsurance - NOT APPLICABLE.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – NOT APPLICABLE.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

A. The Corporation estimates accrued retrospective premium adjustments related to its Medicare Advantage health insurance contracts. An estimated risk sharing receivable or payable for the CMS risk corridor provision is recognized based on activity-to-date and is accumulated at the contract level and recorded as aggregate policy reserves. Costs for prescription drugs are expensed as incurred.

B. The Corporation records accrued retrospective premium as an adjustment to earned premium.

C. The amount of net premiums written by the Corporation at December 31, 2018 that are subject to retrospective rating or redetermination features was \$1,469,788,000 million that represented 100.0% of total net premiums written for the Corporation. No other net premiums written by the Corporation are subject to retrospective rating features.

The amount of net premiums written by the Corporation at December 31, 2018 that are subject to medical loss ratio rebate requirements pursuant to the Public Health Service was \$1,469,788,000 or 100.0% of total net written premium.

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred		4,507,000			4,507,000
(2) Medical loss ratio rebates paid		3,191,000			3,191,000
(3) Medical loss ratio rebates unpaid		3,967,000			3,967,000
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	3,967,000
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred		1,782,000			1,782,000
(8) Medical loss ratio rebates paid		3,967,000			3,967,000
(9) Medical loss ratio rebates unpaid		1,986,000			1,986,000
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	1,986,000

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E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? YES

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

a. Permanent ACA Risk Adjustment Program

Assets

1. Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments) \$ None.

Liabilities

2. Risk adjustment user fees payable for ACA Risk Adjustment \$ 62,000

3. Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium) \$ 5,472,000

Operations (Revenue and Expense)

4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment \$ (1,538,000)

5. Reported in expenses as ACA risk adjustment user fees (incurred/paid). \$ 38,000.

b. Transitional ACA Reinsurance Program

Assets

1. Amounts recoverable for claims paid due to ACA Reinsurance \$ 23,000.

2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability) \$ None.

3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance \$ None

Liabilities

4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium \$ None.

5. Ceded reinsurance premiums payable due to ACA Reinsurance \$ None.

6. Liabilities for amounts held under uninsured plans contributions for ACA reinsurance \$ None

Operations (Revenue and Expense)

7. Ceded reinsurance premiums due to ACA Reinsurance \$ None.

8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected \$ (220,000).

9. ACA Reinsurance contributions – not reported as ceded premium \$ None.

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due to ACA Risk Corridors \$ None

Liabilities

2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors \$ None.

Operations (Revenue and Expense)

3. Effect of ACA Risk Corridors on net premium income (paid/received) \$ None.

4. Effect of ACA Risk Corridors on change in reserves for rate credits \$ None.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any non-admission) and liability balances, along with the reasons for adjustments to prior year balance.

	Accr During the Prior Yr on Bus Written Before Dec 31 of the Prior Year		Rec'd or Paid as of the Curr Yr on Business Written Before Dec 31 of the Prior Yr		Differences		Adjustments			Unsettled Bals as of Reporting Date		
					Prior Year Accr Less Payments (Col 1-3)	Prior Year Accr Less Payments (Col 2-4)	To Pr Year Balances	To Pr Year Balances	Ref	Cumulative Bal from Pr Years (Col 1-3+7)	Cumulative Bal from Pr Years (Col 2-4+8)	
	1	2	3	4	5	6	7	8		9	10	
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)	
a. Permanent ACA Risk Adjustment Program												
1. Premium adjustment receivable (including high-risk pool payments)					0				A	0		
2. Premium adjustments (payable) (including high-risk pool premium)	13,053,000		9,119,000		3,934,000		1,538,000		B	5,472,000		
3. Subtotal ACA Permanent Risk Adjustment program	0	13,053,000	0	9,119,000	0	3,934,000	0	1,538,000		0	5,472,000	
b. Transitional ACA Reinsurance Program												
1. Amounts recoverable for claims paid	243,000		220,000		23,000					C	23,000	
2. Amounts recoverable for claims unpaid (contra liability)					0					D	0	
3. Amounts receivable relating to uninsured plans										E		
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium					0					F	0	
5. Ceded reinsurance premiums payable					0					G	0	
6. Liability for amounts hold under uninsured plans										H		
7. Subtotal ACA Transitional Reinsurance Program	243,000	0	220,000	0	23,000	0	0			23,000	0	
c. Temporary ACA Risk Corridors Program												
1. Accrued retrospective premium	484,000				484,000		(484,000)		I	0		
2. Reserve for rate credits or policy experience rating refunds					0					J	0	
3. Subtotal ACA Risk Corridors Program	484,000	0	0		484,000	0	(484,000)	0		0	0	
d. Total for ACA Risk Sharing Provisions	727,000	13,053,000	220,000	9,119,000	507,000	3,934,000	(484,000)	1,538,000		23,000	5,472,000	
Explanations of Adjustments												
A. None.												
B. None.												
C. None.												
D. None.												
E. None												
F. None												
G. None												
H. None												
I. Amount accrued/recognized has been fully reserved.												
J. None.												

(4) Roll-forward of Risk Corridors Asset and Liability Balances by Program Benefit Year.

	Accr During the Prior Yr on Bus Written Before Dec 31 of the Prior Year		Rec'd or Paid as of the Curr Yr on Business Written Before Dec 31 of the Prior Yr		Differences		Adjustments			Unsettled Bals as of Reporting Date		
					Prior Year Accr Less Payments (Col 1-3)	Prior Year Accr Less Payments (Col 2-4)	To Pr Year Balances	To Pr Year Balances	Ref	Cumulative Bal from Pr Years (Col 1-3+7)	Cumulative Bal from Pr Years (Col 2-4+8)	
												1	2	3	4	5	6	7	8	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)	Receivable	(Payable)
a. 2014												
1. Accrued retrospective premium											A	
2. Reserve for rate credits or policy experience rating refunds	0										B	0
b. 2015												
1. Accrued retrospective premium											C	
2. Reserve for rate credits or policy experience rating refunds	0										D	0
c. 2016												
1. Accrued retrospective premium	484,000				484,000		(484,000)			E	0	
2. Reserve for rate credits or policy experience rating refunds											F	
d. Total for Risk Corridors	484,000	0	0	0	484,000	0	(484,000)	0			0	0
Explanations of Adjustments												
A. None												
B. None.												
C. None												
D. None.												
E. Amount accrued/recognized has been fully reserved.												
F. None												

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

(5) ACA Risk Corridors Receivable as of Reporting Date – None.

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Nonaccrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Nonadmissions) (1-2-3)	5 Nonadmitted Amount	6 Net Admitted Asset (4-5)
a. 2014						
b. 2015						
c. 2016	484,000	484,000		0	0	0
d. Total (a+b+c)	484,000	484,000	0	0	0	0

The Corporation has accrued/recognized \$484,000 for Risk Corridor from CMS; however, it has elected to fully reserve the receivable as collectability is uncertain.

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Activity in the liability for claims unpaid at December 31, 2018 and 2017 is summarized as follows:

	2018	2017
Balance - January 1	176,760,000	158,859,000
Incurred related to:		
Current year	1,292,045,000	1,649,785,000
Prior year	6,466,000	(13,815,000)
Total incurred	1,298,511,000	1,635,970,000
Paid related to:		
Current year	1,156,907,000	1,474,181,000
Prior year	181,671,000	143,888,000
Total paid	1,338,578,000	1,618,069,000
Balance - December 31	136,693,000	176,760,000

Claims and claims adjustment expense reserves as of December 31, 2017 were \$178,648,000. As of December 31, 2018 \$183,544,000 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Claims and claims adjustment expense reserves remaining for prior years are now \$1,570,000. Changes in actuarial estimates of reserves attributable to insured events of prior years reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

The Corporation has not made any material changes in its methodologies and assumptions used in calculating the liabilities for unpaid claims and claims adjustment expenses.

26. INTERCOMPANY POOLING ARRANGEMENTS - NOT APPLICABLE.

27. STRUCTURED SETTLEMENTS - NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

28. HEALTH CARE RECEIVABLES

A. Pharmaceutical Rebate Receivables (dollars in thousands)

These rebates are calculated using historical rebate trends and membership.

Pharmaceutical Rebate Receivables (000 omitted)

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2018	4,633				
09/30/2018	4,112	2,858	1,032		
06/30/2018	3,840	2,988	5,420		
03/31/2018	3,890	2,915	5,230	129	
12/31/2017	4,753	5,936	3,519	2,567	30
09/30/2017	3,506	2,000	1,269	2,181	2,281
06/30/2017	3,008	5,587	5,515	(2)	41
03/31/2017	3,405	5,314	2,487	2,796	23
12/31/2016	3,902	4,601	3,261	730	29
09/30/2016	3,194	4,680	3,702	325	2
06/30/2016	2,936	5,516	3,415	169	1,125
03/31/2016	4,321	3,919	2,964	543	1,181

B. Risk Sharing Receivables.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received - All Other
2018	2018		NONE						
	2019	XXX		XXX	XXX	XXX	XXX		
2017	2017		NONE						
	2018	XXX		XXX	XXX	XXX	XXX	XXX	XXX
2016	2016		7,996,000	7,996,000			7,431,000		
	2017	XXX		XXX	XXX	XXX	XXX	XXX	XXX

The Corporation has agreements, which provide the basis of payments to different provider groups for the delivery of health care services. The groups include hospitals, physician hospital organizations and physicians. The agreements include provisions for the sharing of surplus or deficits calculated by the comparison of total expense to funding reported for the Corporation’s members served by the physicians affiliated with each contracting provider group. The funding levels are primarily based on a percentage of the premium, which the Corporation receives for providing health insurance coverage to employer groups. Certain of these providers have entered into separate agreements with affiliated hospitals to share any surplus or deficit associated with services to physician members.

29. PARTICIPATING POLICIES

NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

30. PREMIUM DEFICIENCY RESERVES

- 1. Liability carried for premium deficiency reserves \$0.
- 2. Date of the most recent evaluation of this liability as of 12/31/2018.
- 3. Was anticipated investment income utilized in the calculation? Yes.

31. ANTICIPATED SALVAGE AND SUBROGATION

NOT APPLICABLE.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating? Michigan.....
- 1.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes ☐ No ☒
- 1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☒ No ☐
- 2.2

If yes, date of change:

.....12/14/2018
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2015
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2015
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....06/28/2017
- 3.4

By what department or departments? The Michigan Department of Insurance and Financial Services.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ N/A ☒
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes ☐ No ☒
- 4.12 renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes ☐ No ☒
- 4.22 renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- If yes, complete and file the merger history data file with the NAIC.
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,
- 7.21

State the percentage of foreign control

.....0.0 %
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte and Touche LLP Suite 3900 200 Renaissance Center Detroit Michigan 48243.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Scott A. Weltz, FSA MAAA, Milliman, 15800 Bluemound Road, Suite 100, Brookfield, WI 53005.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

N/A.....

.....0

\$0

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
Not applicable.....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....0
- 20.12 To stockholders not officers \$.....0
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....0
- 20.22 To stockholders not officers \$.....0
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....0
- 21.22 Borrowed from others \$.....0
- 21.23 Leased from others \$.....0
- 21.24 Other \$.....0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....0
- 22.22 Amount paid as expenses \$.....0
- 22.23 Other amounts paid \$.....0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.103 Total payable for securities lending reported on the liability page \$.....0

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements	\$.....
25.22 Subject to reverse repurchase agreements	\$.....
25.23 Subject to dollar repurchase agreements	\$.....
25.24 Subject to reverse dollar repurchase agreements	\$.....
25.25 Placed under option agreements	\$.....
25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock	\$.....
25.27 FHLB Capital Stock	\$.....
25.28 On deposit with states	\$.....1,004,809
25.29 On deposit with other regulatory bodies	\$.....
25.30 Pledged as collateral – excluding collateral pledged to an FHLB	\$.....
25.31 Pledged as collateral to FHLB – including assets backing funding agreements	\$.....
25.32 Other	\$.....12,057,712

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Not applicable.....		0

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$.....0

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity’s offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian’s Address
Comerica Bank NA.....	Detroit, Michigan.....
The Northern Trust Company.....	Chicago, Illinois.....

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Not applicable.....		

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
Income Research and Management.....	U.....
J.P. Morgan Investment Management Inc.....	U.....
Garcia Hamilton & Associates.....	U.....
Blackrock Advisors LLC.....	U.....
The Dreyfus Corporation.....	U.....
Goldman Sachs Asset Management LP.....	U.....
Artisan Global Opportunities.....	U.....
The Northern Trust Company.....	U.....
Comerica Bank, NA.....	U.....
Comerica Securities, Inc.....	U.....
Robin Damschroder.....	A.....
Richard Swift.....	I.....
Hendrik Schuur.....	A.....
Kelly English.....	A.....
Derek Kellam.....	A.....
Leslie Hardy.....	A.....
Robert Lawson.....	A.....
Robert Porter.....	A.....
New England Pension Consultants.....	U.....
.....
.....
.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [X] No []

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [X] No []

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
104863.....	Income Research and Management.....	Not Applicable.....	.....	NO.....
107038.....	J.P. Morgan Investment Management Inc.....	549300Q7485FUJKEMM46.....	SEC.....	NO.....
106614.....	Blackrock Advisors LLC.....	WMEVRQ7LCLDEFWERG149.....	SEC.....	NO.....
108017.....	Garcia Hamilton and Associates, L.P.....	2549004MW20AB6054P40.....	SEC.....	DS.....
80170101.....	Artisan Partners Limited Partnership.....	H441S2FJ0USVWTYA1B25.....	SEC.....	NO.....
105642.....	The Dreyfus Corporation.....	54930067A504FBYASH16.....	SEC.....	NO.....
107738.....	Goldman Sachs Asset Management LP.....	CF5M58QA35CFPUX70H17.....	SEC.....	NO.....
.....	The Northern Trust Company.....	.....	.....	NO.....
N/A.....	Comerica Bank, NA.....	70WYO1D1N53Q4254VH70.....	FDIC.....	NO.....
17079.....	Comerica Securities, Inc.....	.....	SEC.....	NO.....
N/A.....	Robin Damschroder.....	Not Applicable.....	Not Applicable.....	.....
N/A.....	Richard Swift.....	Not Applicable.....	Not Applicable.....	.....
N/A.....	Hendrik Schuur.....	Not Applicable.....	Not Applicable.....	.....
N/A.....	Kelly English.....	Not Applicable.....	Not Applicable.....	.....
N/A.....	Derek Kellam.....	Not Applicable.....	Not Applicable.....	.....
N/A.....	Leslie Hardy.....	Not Applicable.....	Not Applicable.....	.....
N/A.....	Robert Lawson.....	Not Applicable.....	Not Applicable.....	.....
N/A.....	Robert Porter.....	Not Applicable.....	Not Applicable.....	.....
N/A.....	New England Pension Consultants.....	Not Applicable.....	Not Applicable.....	.....
.....
.....
.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001 091936-31-0.....	BLACKROCK MSCI WRLD.....	.....3,652,803.....

GENERAL INTERROGATORIES

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2002 04314H-78-2	ARTISAN GLOBAL OPPS	6,740,539
29.2003		
29.2004		
29.2999 TOTAL		10,393,342

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
BLACKROCK MSCI WRLD	Apple Inc.	77,805	12/31/2018
BLACKROCK MSCI WRLD	Microsoft Corp.	75,613	12/31/2018
BLACKROCK MSCI WRLD	Alphabet Inc.	65,020	12/31/2018
BLACKROCK MSCI WRLD	Amazon.com Inc.	63,559	12/31/2018
BLACKROCK MSCI WRLD	Johnson & Johnson	35,432	12/31/2018
ARTISAN GLOBAL OPPS	IHS Markit LTD	471,838	12/31/2018
ARTISAN GLOBAL OPPS	Visa Inc Class A	370,730	12/31/2018
ARTISAN GLOBAL OPPS	Techtronic Industries Co LTD	242,659	12/31/2018
ARTISAN GLOBAL OPPS	Bank of American Corporation	242,659	12/31/2018
ARTISAN GLOBAL OPPS	Boston Scientific Corp	235,919	12/31/2018

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	105,541,097	105,310,382	(230,716)
30.2 Preferred Stocks	0		0
30.3 Totals	105,541,097	105,310,382	(230,716)

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values are based on quoted market prices where available obtained primarily from a third-party pricing service which generally uses Level 1 or Level 2 inputs for the determination of fair value.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:
a.Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
b.Issuer or obligor is current on all contracted interest and principal payments.
c.The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
Has the reporting entity self-designated 5GI securities?

Yes [☐] No [☒]
34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
Has the reporting entity self-designated PLGI securities?

Yes [☐] No [☒]

OTHER

- 35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$590,809
- 35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Not applicable.....	\$.....0

- 36.1 Amount of payments for legal expenses, if any?

\$3,884,342
- 36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
The GNOESIS Group.....	\$.....1,135,346

- 37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$0
- 37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Not Applicable.....	\$.....0

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only.

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$1,469,787,969	\$	.....1,832,677,953
2.2	Premium Denominator	\$1,469,787,969	\$	.....1,832,677,953
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$148,317,144	\$	.....211,567,782
2.5	Reserve Denominator	\$148,317,144	\$	.....211,567,782
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [X] No []

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$1,000,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Please see Attachment D.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....11,900

8.2 Number of providers at end of reporting year

.....12,080

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....0

9.22 Business with rate guarantees over 36 months

.....0

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....4,045,928

10.22 Amount actually paid for year bonuses

\$.....4,734,904

10.23 Maximum amount payable withholds

\$.....10,807,731

10.24 Amount actually paid for year withholds

\$.....10,457,088

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Michigan.....

11.4 If yes, show the amount required.

\$.....122,277,360

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation

The amount reported is the greater of 4% of premiums or 200% of the authorized control level risk based capital

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Arenac County.....
Bay County.....
Clare County.....
Genessee County.....
Gladwin County.....
Gratiot County.....
Hillsdale County.....
Huron County.....
Ingham County.....
Iosco County.....
Isabella County.....
Jackson County.....
Lapeer County.....
Livingston County.....
Macomb County.....
Midland County.....
Monroe County.....
Oakland County.....
Ogemaw County.....
Roscommon County.....
Saginaw County.....
Sanilac County.....
Shiawassee County.....
St Clair County.....
Tuscola County.....
Washtenaw County.....
Wayne County.....

13.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$.....

13.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$.....

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

Yes [] No [N/A] [X]

14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other

15. Provide the following for Individual ordinary life insurance* policies (U.S. business Only) for the current year:

15.1 Direct Premium Written (prior to reinsurance ceded)

\$.....

15.2 Total incurred claims

\$.....

15.3 Number of covered lives

.....

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes [] No [X]

16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes [] No [X]

FIVE - YEAR HISTORICAL DATA

	1 2018	2 2017	3 2016	4 2015	5 2014
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	515,796,618	562,182,389	515,468,431	530,877,835	469,021,560
2. Total liabilities (Page 3, Line 24)	261,086,026	332,913,333	311,072,573	324,391,549	260,759,616
3. Statutory minimum capital and surplus requirement	122,277,360	149,504,292	154,375,364	187,816,404	148,998,596
4. Total capital and surplus (Page 3, Line 33)	254,710,592	229,269,056	204,395,859	206,486,286	208,261,944
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,468,005,510	1,827,546,662	1,924,293,404	2,069,762,957	1,749,489,497
6. Total medical and hospital expenses (Line 18)	1,298,593,510	1,641,321,598	1,734,423,745	1,845,379,557	1,541,223,926
7. Claims adjustment expenses (Line 20)	25,761,868	24,327,118	31,398,893	30,945,822	22,907,336
8. Total administrative expenses (Line 21)	154,166,762	157,965,339	196,167,162	221,074,601	194,494,378
9. Net underwriting gain (loss) (Line 24)	(10,516,629)	3,932,607	(23,930,395)	(43,642,024)	(9,136,142)
10. Net investment gain (loss) (Line 27)	13,496,790	4,534,359	61,933,804	32,837,025	3,880,757
11. Total other income (Lines 28 plus 29)	530,477	275,718	444,869	2,278,682	257,947
12. Net income or (loss) (Line 32)	3,510,638	8,742,684	38,448,277	(8,526,317)	(4,997,438)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	901,362	43,765,205	34,679,980	49,528,416	18,458,837
Risk-Based Capital Analysis					
14. Total adjusted capital.....	254,710,592	229,269,056	204,395,859	206,486,286	208,261,944
15. Authorized control level risk-based capital	61,138,680	74,752,146	77,187,682	93,908,202	74,481,088
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	180,860	257,944	287,960	317,226	271,908
17. Total members months (Column 6, Line 7)	2,235,950	3,198,571	3,509,231	3,945,250	3,529,098
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	88.5	89.8	90.1	89.1	88.0
20. Cost containment expenses	1.3	0.9	1.0	1.0	0.7
21. Other claims adjustment expenses	0.5	0.4	0.6	0.5	0.6
22. Total underwriting deductions (Line 23)	100.7	99.8	101.2	102.1	100.4
23. Total underwriting gain (loss) (Line 24)	(0.7)	0.2	(1.2)	(2.1)	(0.5)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	187,533,411	156,308,008	184,604,763	146,498,679	129,190,649
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	175,340,171	143,934,521	172,296,570	166,676,254	131,386,087
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	99,688,835	93,362,190	80,211,875	94,295,081	128,163,750
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31.....	99,688,835	93,362,190	80,211,875	94,295,081	128,163,750
33. Total investment in parent included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3 - Accounting Changes and Correction of Errors?.....Yes [] No []

If no, please explain

The Corporation has not been a party to a merger.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

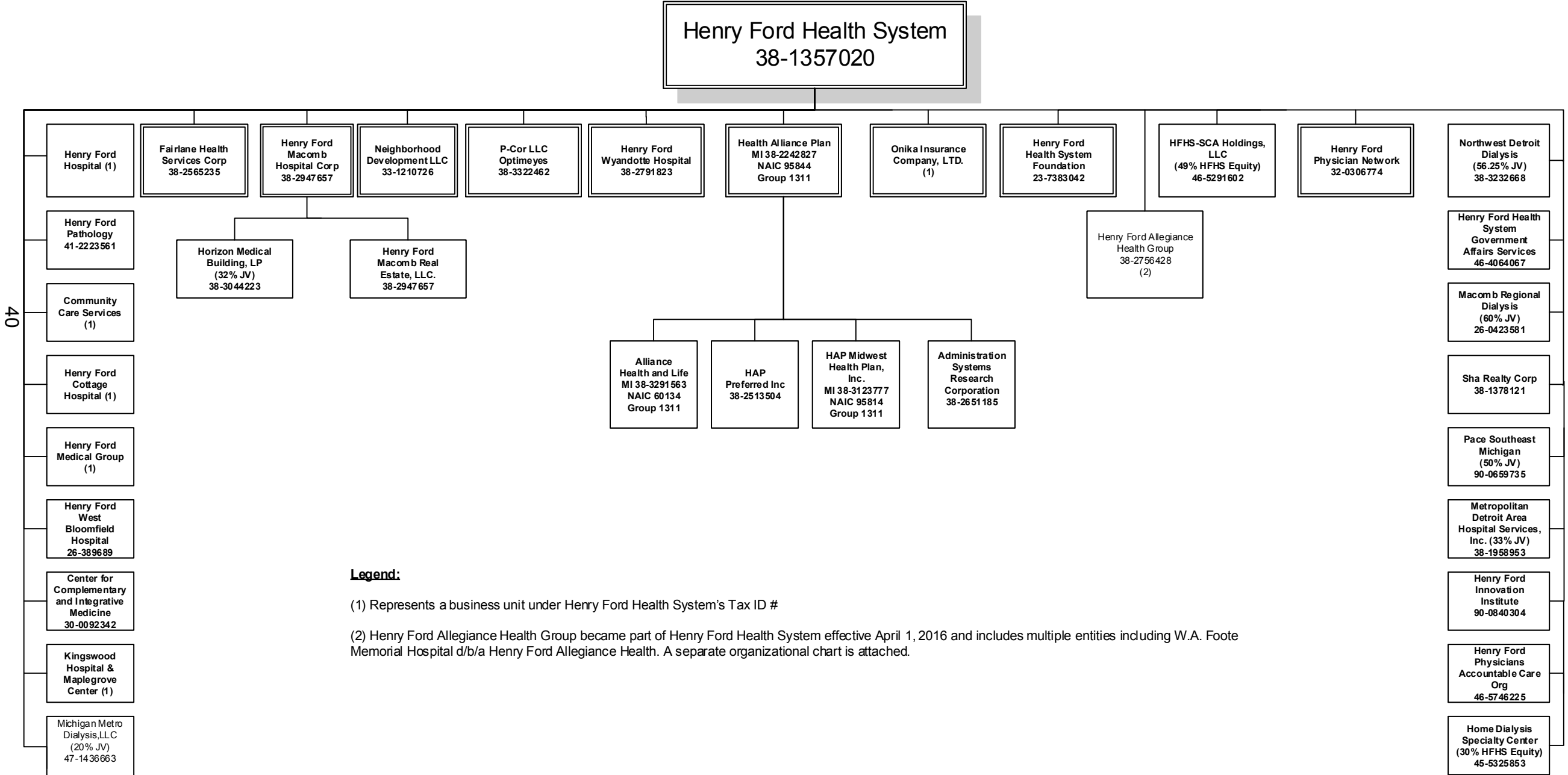
Allocated by States and Territories

			1	Direct Business Only							
				2	3	4	5	6	7	8	9
State, Etc.			Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N							0	0
2.	Alaska	AK	N							0	0
3.	Arizona	AZ	N							0	0
4.	Arkansas	AR	N							0	0
5.	California	CA	N							0	0
6.	Colorado	CO	N							0	0
7.	Connecticut	CT	N							0	0
8.	Delaware	DE	N							0	0
9.	District of Columbia	DC	N							0	0
10.	Florida	FL	N							0	0
11.	Georgia	GA	N							0	0
12.	Hawaii	HI	N							0	0
13.	Idaho	ID	N							0	0
14.	Illinois	IL	N							0	0
15.	Indiana	IN	N							0	0
16.	Iowa	IA	N							0	0
17.	Kansas	KS	N							0	0
18.	Kentucky	KY	N							0	0
19.	Louisiana	LA	N							0	0
20.	Maine	ME	N							0	0
21.	Maryland	MD	N							0	0
22.	Massachusetts	MA	N							0	0
23.	Michigan	MI	L	682,386,009	674,124,738		114,299,768			1,470,810,515	0
24.	Minnesota	MN	N							0	0
25.	Mississippi	MS	N							0	0
26.	Missouri	MO	N							0	0
27.	Montana	MT	N							0	0
28.	Nebraska	NE	N							0	0
29.	Nevada	NV	N							0	0
30.	New Hampshire	NH	N							0	0
31.	New Jersey	NJ	N							0	0
32.	New Mexico	NM	N							0	0
33.	New York	NY	N							0	0
34.	North Carolina	NC	N							0	0
35.	North Dakota	ND	N							0	0
36.	Ohio	OH	N							0	0
37.	Oklahoma	OK	N							0	0
38.	Oregon	OR	N							0	0
39.	Pennsylvania	PA	N							0	0
40.	Rhode Island	RI	N							0	0
41.	South Carolina	SC	N							0	0
42.	South Dakota	SD	N							0	0
43.	Tennessee	TN	N							0	0
44.	Texas	TX	N							0	0
45.	Utah	UT	N							0	0
46.	Vermont	VT	N							0	0
47.	Virginia	VA	N							0	0
48.	Washington	WA	N							0	0
49.	West Virginia	WV	N							0	0
50.	Wisconsin	WI	N							0	0
51.	Wyoming	WY	N							0	0
52.	American Samoa	AS	N							0	0
53.	Guam	GU	N							0	0
54.	Puerto Rico	PR	N							0	0
55.	U.S. Virgin Islands	VI	N							0	0
56.	Northern Mariana Islands	MP	N							0	0
57.	Canada	CAN	N							0	0
58.	Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal		XXX	682,386,009	674,124,738	0	114,299,768	0	0	1,470,810,515	0
60.	Reporting entity contributions for Employee Benefit Plans		XXX							0	
61.	Total (Direct Business)		XXX	682,386,009	674,124,738	0	114,299,768	0	0	1,470,810,515	0
DETAILS OF WRITE-INS											
58001.			XXX								
58002.			XXX								
58003.			XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0	0

(a) Active Status Counts
L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG 1 R – Registered – Non-domiciled RRGs 0
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state 0 Q – Qualified – Qualified or accredited reinsurer 0
N – None of the above – Not allowed to write business in the state lines in the state 56

(b) Explanation of basis of allocation of premiums by states, etc.
By situs of contract.

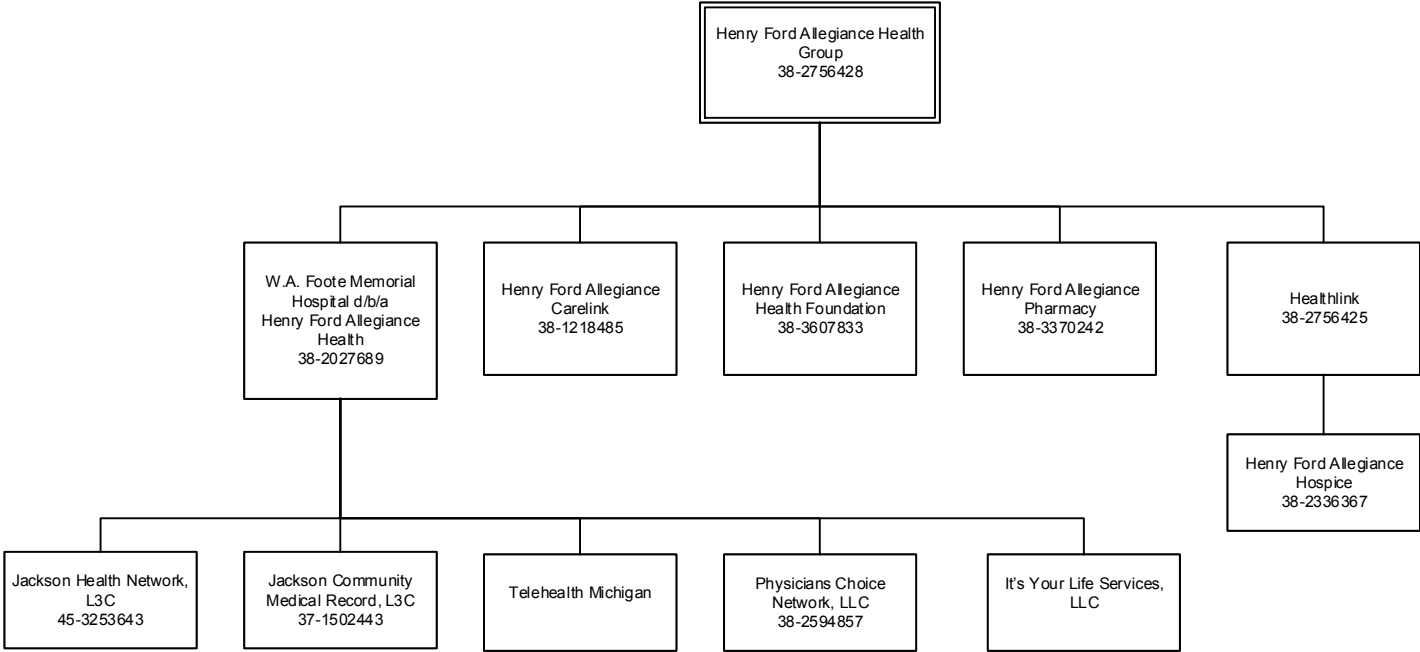
STATEMENT AS OF DECEMBER 31, 2018 OF THE Health Alliance Plan of Michigan
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



Legend:

- (1) Represents a business unit under Henry Ford Health System's Tax ID #
- (2) Henry Ford Allegiance Health Group became part of Henry Ford Health System effective April 1, 2016 and includes multiple entities including W.A. Foote Memorial Hospital d/b/a Henry Ford Allegiance Health. A separate organizational chart is attached.

STATEMENT AS OF DECEMBER 31, 2018 OF THE Health Alliance Plan of Michigan
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



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